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**FORECASTING  
THE IMPACT OF  
TRUMP'S SECOND  
ADMINISTRATION ON  
THE TECH SECTOR**



**— THOUGHT LEADERSHIP**

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## FORECASTING THE IMPACT OF TRUMP'S SECOND ADMINISTRATION ON THE TECH SECTOR

This briefing provides an overview of how President-elect Donald Trump's campaign promises may translate into policy reform and the potential impact on the tech sector and the many businesses that rely on it.

Please note that this analysis forecasts *potential* changes based on public statements by Trump and other officials and is subject to change.

### Trump's platform

While tech was not a defining policy area of the 2024 US Presidential election, Trump's platform did contain a number of pledges on tech issues, including commitments to repeal President Biden's Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (Biden's AI EO), invest in cybersecurity and defense research and development, create a central bank digital currency, and cut tech regulations. During his campaign, President-elect Trump developed a close alliance with tech entrepreneur Elon Musk, whom he has appointed to co-lead the newly-created Department of Government Efficiency (DOGE).

### Anticipated policy and regulatory tech impacts

Below we outline five key areas where tech policy and regulatory impacts are anticipated.

#### 1. AI and data centers

Trump's election comes at a pivotal moment for Artificial Intelligence (AI), as it continues to advance rapidly and is increasingly integrated into government, businesses, and daily reality. To date, Congress has not introduced overarching federal legislation to regulate AI and most developments have occurred at the agency and state levels. House Speaker Mike Johnson adopted an anti-regulatory/pro-innovation position on AI and this approach will likely continue in a Republican-controlled Congress.

While Trump has not released specific details about his AI policies and priorities, apart from pledging to repeal Biden's AI

EO, his campaign statements and previous actions suggest that he would prioritize the development and innovation of AI while pursuing a light or no-touch regulatory approach. As was the case during the first Trump administration, AI research, development, and deployment are likely to receive continued support. During his first Presidency, Trump signed an executive order directing federal agencies to prioritize AI research and development. The first administration generally aimed to avoid stifling innovation, and this approach is likely to continue in the second administration. See our publication 'Will the Biden Executive Order on AI survive the Trump-Vance Administration?' for more details.

Another interesting data point is that the Trump-appointed co-head of DOGE, Elon Musk, was in favor of a pause in development of AI to introduce "shared safety protocols". The dynamic between Musk and Trump may result in some type of regulation focused on AI safety. However, it is doubtful that any such regulation would seek to stop or slow-down AI development by US-based companies.

The Trump administration could significantly impact data centers, which provide the infrastructure, scalability, and security to support the growing demands of AI technologies. Its stance on international trade and relations, including the threat of tariffs on all goods imported from Canada, China and Mexico, might affect the global supply chain for data center components, such as semiconductors, potentially leading to challenges in sourcing materials and technology. In 2023, Trump proposed a 10 percent universal tariff and later, an additional 60 percent tariff on imports from China and up to 100 percent tariff on goods from Mexico.

Under President Biden, the United States established the U.S.-EU Trade and Technology Council, but it is unclear whether and how this (and similar cross-border initiatives) will continue to exist under Trump.

Data centers require large amounts of power, which is expected to drive substantial demand for new generation as well as transmission and distribution upgrades. It is unclear whether the incoming administration will continue to support efforts to streamline interstate transmission permitting, reform grid interconnection processes, and other initiatives undertaken under the Biden administration, which will be necessary to ensure that data centers can come online and support AI deployment. However, as we covered in [our forecast of Trump's impact on the energy sector](#), Trump [promised](#) to declare a national emergency to allow for the dramatic increase of energy production, generation and supply, including by promptly approving new power plants and nuclear reactors.

## 2. Data governance: privacy and cyber

There are a number of potential developments under Trump with regards to privacy and cyber:

- **The future of CISA.** Trump [created the Cybersecurity and Infrastructure Security Agency \(CISA\) in 2018](#) to protect and regulate the US critical infrastructure from cyber threats, but CISA's future under Trump's second administration is unclear. Jen Easterly, the current CISA Director, will [depart in early 2025](#). New CISA leadership appointments or a potential broader agency reorganization will critically impact development and enforcement of cyber requirements for businesses.
- **Focus on cyber threats from foreign adversaries.** While the specific approach to cyber regulation remains to be seen, we anticipate that the Trump administration will continue to focus on cyber threats from foreign adversaries and countries and individuals of concern, including China, Iran, North Korea, and Russia. In [2022](#), U.S. Senator Marco Rubio (R-FL), the current Secretary of State appointee of the second Trump administration, introduced the Protecting Americans'

Data from Foreign Surveillance Act, which prohibits "data brokers" from selling "sensitive personal information" to such foreign adversaries, and President Biden signed a version of the law in [2024](#). A key component of US cybersecurity and data protection regulations under the next administration may be the advancement of further legislation to restrict such countries from obtaining information from and about US citizens and businesses.

- **Comprehensive data privacy legislation.** Federal legislative efforts to create a comprehensive consumer data privacy law – similar to the California Consumer Privacy Act, Virginia Consumer Data Protection Act, and Texas Data Privacy and Security Act – have yielded minimal results. Current efforts at such legislation, for example, the [American Privacy Rights Act of 2024](#) (ARPA), have stalled. The fact that the executive, judiciary, and legislative branches are unified in creating such a law in theory, may mean that bipartisan legislation could pass. However, Cathy McMorris Rodgers, one of the ARPA authors, has retired, while the ranking member of the Senate Committee in charge of APRA, Ted Cruz, won reelection. Cruz [has been critical of APRA in the past](#) (including wanting strong preemption), which may mean that any federal privacy law that does pass would differ from APRA.

There is bipartisan support on certain data privacy initiatives, such as privacy protection for [children's data](#), which may continue under Trump's administration. It is unclear if (and potentially unlikely that) such support will carry into more comprehensive federal data privacy legislative proposals. As a result, legislative activity in the realm of consumer data privacy may continue at the US state level, an apparent trend under the Biden administration.

Relatedly, while the [Trans-Atlantic Data Privacy Framework](#), enabling businesses to comply with EU and US data privacy laws for data transfers between the EU and the United States, was signed into law under President Biden, it was created during Trump's

first presidency. It will be interesting to see whether it remains in place.

- **FTC data enforcement.** Underpinning much of US data privacy and security federal regulation is the Federal Trade Commission (FTC) and its approach to enforcement under Section 5 of the Federal Trade Commission Act of 1914. Current FTC Chair, Lina Khan, has generally expressed a high-level of interest in enforcing data privacy and security regulations under FTC's authority, with a particular focus on Big Tech. However, as Khan's role may soon end, the FTC's makeup and the broader privacy and security regulatory enforcement regime during Trump's second term remain unclear. It is likely that enforcement would be scaled back compared with Khan's regime under Biden.

### 3. Cryptocurrency and digital assets

The Trump campaign has said that the United States will be the "crypto capital of the planet," and, as a result, the regulatory landscape for the US fintech sector – particularly cryptocurrency and digital assets – is likely to be significantly reshaped. The intention to appoint a White House crypto "czar" will likely create an opportunity for federal markets and bank regulators to clarify existing legal frameworks and produce more consistent results while moving away from a "regulation by enforcement" approach. Overall, we expect to see broader adoption of blockchain solutions in the financial sector and enhanced onshore innovation.

The departure of the U.S. Securities and Exchange Commission (SEC) Chair Gary Gensler on January 20, 2025, is anticipated to be broadly favorable for cryptocurrency and digital assets. Potential developments include roll backs to limits on the custody of digital asset securities by broker-dealers and the withdrawal of Staff Accounting Bulletin 121, which has been criticized for imposing a non-technologically-neutral accounting treatment for the custody of digital assets by banks and other providers that are public reporting companies. A primary goal of industry participants that could now be realized is the SEC's acceptance of the blockchain as the definitive record for tracking public and private securities

shareholdings, resulting in the broader use of tokenization of real world assets, including securities. Proposals like the SEC's amendments to the Safeguarding Rule to cover digital assets and an expansion of the definition of a securities "exchange" of the Securities Exchange Act of 1934 to include "communications protocols" are likely to be narrowed or shelved, eliminating otherwise likely regulatory burdens.

The Commodity Futures Trading Commission (CFTC) could retreat from novel theories of registration liability (for example, joint and several liability by token holders of a decentralized autonomous organization (DAO)). Instead, we expect that it may focus on combatting fraud and remediating investor harm.

### 4. Antitrust

The antitrust enforcement agendas of the FTC and the Department of Justice (DOJ) during the second Trump administration will likely continue to include a focus on the tech sector and major technology companies, such as Google, Apple, and Meta. However, under new leadership, the agencies might alter course in certain areas, with potential agency actions, including:

- Walking away from the FTC's rule declaring employee non-compete clauses unlawful, which the agency issued in April 2024. The agency's two current Republican Commissioners, Andrew Ferguson and Melissa Holyoak, dissented from the decision to issue the rule on the basis that the agency did not have the authority to issue it, and two federal courts have held the rule to be invalid.
- Modifying or withdrawing from the current version of the Merger Guidelines, which the DOJ and the FTC released jointly in December 2023. Commissioner Ferguson has stated that he is "open to reforming" the guidelines, while Commissioner Holyoak has said that she "would strongly consider rescinding or revising" them. Among the changes the agencies would be most likely to make is retreating from the current guidelines' more novel theories of competitive harm, which both Republican commissioners have criticized.

- Delaying the implementation of, and/or simplifying the amount of information and documents required in the [FTC's recently expanded form for merger filings under the Hart-Scott-Rodino Act](#), scheduled to come into effect in 2025. Although the Commission voted unanimously to issue the new form, both Republican commissioners expressed reservations about the final form, with Commissioner Ferguson [saying](#) that the final rule "is not perfect, nor is it the rule I would have written if the decision were mine alone."

With Chair Lina Khan's anticipated departure, it is likely that the FTC would pursue a less interventionist approach than it has done under her leadership.

## 5. Semiconductors

The [CHIPS and Science Act](#), often referred to as the CHIPS Act, is a US federal statute signed into law by President Biden on August 9, 2022. The Act aims to boost domestic research and manufacturing of semiconductors in the United States by authorizing approximately US\$52 billion (between FY2022 -FY2027) in new funding for US domestic semiconductor manufacturing and research, subsidies to chip manufacturers, and workforce training in the industry. The CHIPS Act also includes provisions designed to increase American supply chain independence in the semiconductor industry, primarily by offering lucrative tax incentives to companies that expand their manufacturing presence in the US and by prohibiting funds distributions or tax incentives to recipients that utilize raw materials and manufacturing centers in China or other countries deemed "countries of concern" by the US (i.e., Russia, North Korea, and Iran).

As the CHIPS Act generally received bipartisan support, it is expected to remain in place, although potentially with modifications. President Trump publicly [criticized](#) the Act as a "bad" deal in October 2022, but experts [note](#) that the second Trump administration will probably try to reinterpret the bill "so they can spread the money a little differently than Biden," rather than roll-back the regulations entirely.

Beyond the CHIPS Act, semiconductors are not expected to be targeted for

additional tariffs. While President-elect Trump is expected to implement significant tariffs, the focus seems to be on a broader range of products, including electronics, steel, and aluminum.

Finally, the export controls implemented by the Department of Commerce, Bureau of Industry and Security, which impose significant controls on the export, reexport, and in-country transfer of semiconductors and related software and technology via the Export Administration Regulations, are expected to remain in place.

## Other tech policy developments

The Trump campaign also commented on other areas of tech policy including the following:

### Electric vehicles

The Trump transition team has stated that as part of broader tax reform, it will cancel the US\$7,500 consumer tax credit for electric vehicle (EV) purchases which was introduced as part of [President Biden's Inflation Reduction Act](#). In July 2024, Tesla's CEO Elon Musk [stated](#) that ending the subsidy may slightly hurt Tesla sales but would be "devastating" to its US EV competitors, which include legacy automakers.

### Connectivity

Bridging the American digital divide has been an important policy area under the Biden Administration, with the launch in 2021 of the [Broadband Equity Access and Deployment \(BEAD\) Program](#), US\$42.45 billion internet expansion policy. Trump's candidate to lead the Federal Communications Commission (FCC), Brendan Carr has [criticized](#) BEAD for its "diversity, equity and inclusion requirements, climate-change rules, price controls, preferences for union labor, and schemes that favor government-run networks." Trump may seek to pause BEAD and review the National Telecommunications and Information Administration's approach, particularly the program's preference for fiber optic connections.

### Social media and content moderation

Section 230 of the 1996 Communications Decency Act (Section 230) shields social

media companies from liability for user generated content. During his first administration, Trump signed the Executive Order on Preventing Online Censorship, which aimed to reduce the protections of Section 230. President Biden later rescinded it. In his manifesto, Agenda 47, Trump said that upon his inauguration, he will focus on revising Section 230, stating: “From now on, digital platforms should only qualify for immunity protection under Section 230 if they meet high standards of neutrality, transparency, fairness, and non-discrimination.”

Brendan Carr has criticized Section 230 and spoken of “reining in” Big Tech, describing how “it is hard to imagine another industry in which a greater gap exists between power and accountability.” With a Republican-controlled Congress and a bipartisan House bill from the Energy and Commerce Committee that aims to sunset Section 230 over the next 18 months, Section 230 may be repealed. This would significantly impact how companies moderate content, and potentially open them up to an increased number of law suits.

### Space

During his first administration, Trump established the U.S. Space Force and reestablished the U.S. Space Command. The Republican platform pledges that “under Republican Leadership, the US will create a robust manufacturing industry in near earth orbit, send American astronauts back to the Moon, and onward to Mars, and enhance partnerships with the rapidly expanding Commercial Space sector to revolutionize our ability to access, live in, and develop assets in Space.”

Musk has stated that SpaceX aims to send five uncrewed Starships to Mars in 2026 and, if they succeed, people in

2028. For this shared vision to be realized, federal financial support for SpaceX will be crucial. SpaceX is NASA's second largest contractor at US\$2.25 billion in FY23. It is likely, therefore, that more federal funds will be directed into the commercial space sector to be spent on manned space travel.

### Conclusion

The re-election of former-President Donald Trump will inevitably lead to changes and opportunities in the tech sector over the next four years. The following points may be important to remember as the situation evolves:

- Based on experience from the first Trump administration, government policies under the incoming administration will likely align closely with Trump's campaign promises.
- Even in upholding those campaign promises, the administration will be selective in choosing which Biden-era programs to reverse and certain reversals may have a replacement with Trump's name that may not be drastically different.
- Because of the power that individual states possess in the US federated system, there will be parallel federal and state developments and more robust state developments in certain cases, such as, for example, privacy regulation.
- Agencies such as the FTC and the SEC will likely trend away from “regulation by enforcement” when it comes to tech, taking a back seat to innovation by US tech companies.
- In the Trump administration's reestablishment of an “America first” policy, any regulation of AI, data centers, semiconductors, and similar components for winning the tech race will likely favor US businesses over imports.



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